

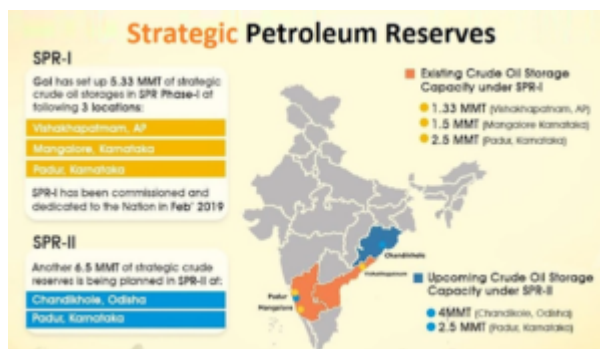
# Indian Strategic Petroleum Reserves

November 24, 2021

**In news-** Recently, India, the world's third-largest oil importer, has agreed to release 5 million barrels of crude oil from its strategic reserves (about 12.8 percent of 5.33 million tonnes of crude oil reserves) as part of a coordinated move along with the US, China, Japan and South Korea aimed at lowering international prices.

## **About Indian Strategic Petroleum Reserves-**

- India has an existing **crude storage capacity of 5.3 million tonnes (mt)**, including 1.33 mt in **Visakhapatnam**, 1.5 mt in **Mangalore and** 2.5 mt in **Padur(near Udupi)**.
- Built at a cost of \$600 million, these reserves are operational and are **sufficient to meet around nine-and-a-half days of India's crude oil requirements**.
- **India is dependent on imports to meet 85% of oil demand and 55% of natural gas requirements**.
- OPEC accounts for a majority of India's crude oil imports and around 40% of global production.



- These strategic storages would be in addition to the existing storages of crude oil and petroleum products with the oil companies and would serve as a cushion during any supply disruptions.
- The construction of these Storage facilities is **being**

**managed by Indian Strategic Petroleum Reserves Limited (ISPRL), .**

- **ISPRL is a Special Purpose Vehicle, which is a wholly owned subsidiary of Oil Industry Development Board (OIDB) under the Ministry of Petroleum & Natural Gas.**
- **Engineers India Limited (EIL) worked as the Project Management Consultant** for the three locations.
- The crude oil storages are constructed in **underground rock caverns** and are located on the East and West coast of India as rock caverns are considered as the safest means of storing hydrocarbons.

### **Other countries with the SPR-**

- Besides the United States, the other 29 member countries in the International Energy Agency (IEA), including the United Kingdom, Germany, Japan, China and Australia , are required to hold oil in emergency reserves equivalent to 90 days of net oil imports.
- **Japan has one of the largest reserves after China and the United States.**
- As per IEA, there are typically three ways to maintain SPR levels to meet the 90-day requirement:
  - Commercial stocks held by refiners.
  - Held by the government.
  - Agency stocks.
- The stockholding structure is **peer-reviewed every five years among members.**